



brasilagro

INSTITUTIONAL PRESENTATION

BrasilAgro is one of Brazil's largest companies in terms of arable land and its core business consists of the acquisition, development, operation and sale of rural properties suitable for agricultural activities.

www.brasil-agro.com

Agenda Slide

- 01 | BrasilAgro
- 02 | Corporate Governance
- 03 | Financial Results
- 04 | Brazil Competitive Advantages
- 05 | Farmland Investment



BRASILAGRO

Our Mission

*To generate value
by acquiring, developing
and operating land
in a sustainable,
innovative and
differentiated manner.*



Short Summary on Brasilagro

LEADER IN THE DEVELOPMENT OF RURAL PROPERTIES.

266,772
HECTARES

Acquisition of 266,772 hectares of land in *Brazil* and *Paraguay*.

121,426
HECTARES

Development of 121,426 hectares in less than 10 years of operation.

67,658
HECTARES

Sale of 67,658 hectares with high levels of appreciation.

100,860
HECTARES

Cultivation of 100,860 hectares during 2017/18 harvest year.

Brasilagro Business Model

The company has a unique business model that creates value through real state appreciation and agricultural production

LAND TRANSFORMATION

The land development creates value by itself, regardless the farmland price appreciation

VALUE GENERATION

BASELINE APPRECIATION

Any farmland price appreciation should generate a positive impact

CASH FLOW OPERATIONS

The state of art agriculture allow us to generate a strong operational cash flow

Brasilagro Business Model

The development, and hence land value appreciation, aims at a steep change in profitability per hectare by placing the land to its highest and best use

LAND TRANSFORMATION PROCESS



LAND ACQUISITION

- Undeveloped land (cerrado)
- Pasture

TRANSFORMATION

- Clearing
- Soil correction

RAMP-UP PRODUCTION YIELDS

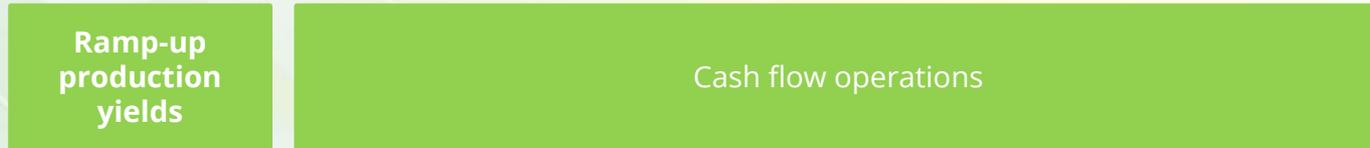
- Ramp-up of the initial crops yields
- Building of soil content structure

MATURE LAND

- Soil maturity
- High yields

BrasilAgro Business Model

The land development creates value by itself, regardless the farmland price appreciation

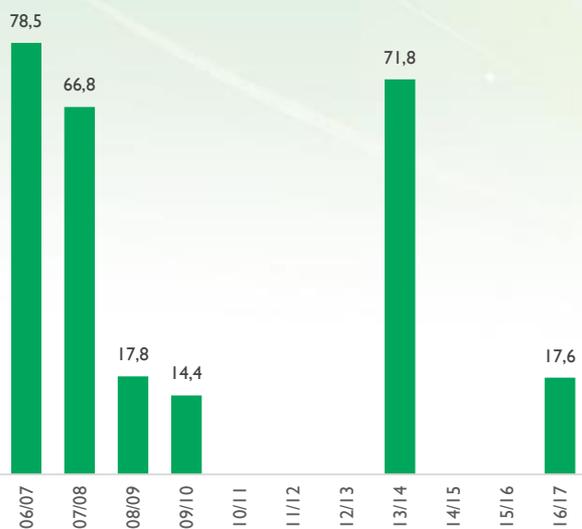


α – land development
 β – baseline appreciation

Robust and Consistent Growth

266,000⁽¹⁾ ha of land acquired and 121,000 ha transformed and 67,000 ha sold

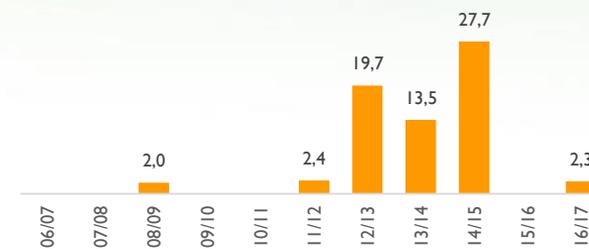
LAND ACQUISITION ⁽¹⁾
(THOUSAND HA)



DEVELOPED AREA
(THOUSAND HA)



SOLD AREA
(THOUSAND HA)



¹ not included 26,763 ha of "Parceria II, III and IV, properties hich BrasilAgro has agricultural partnership.

Robust and Consistent Growth

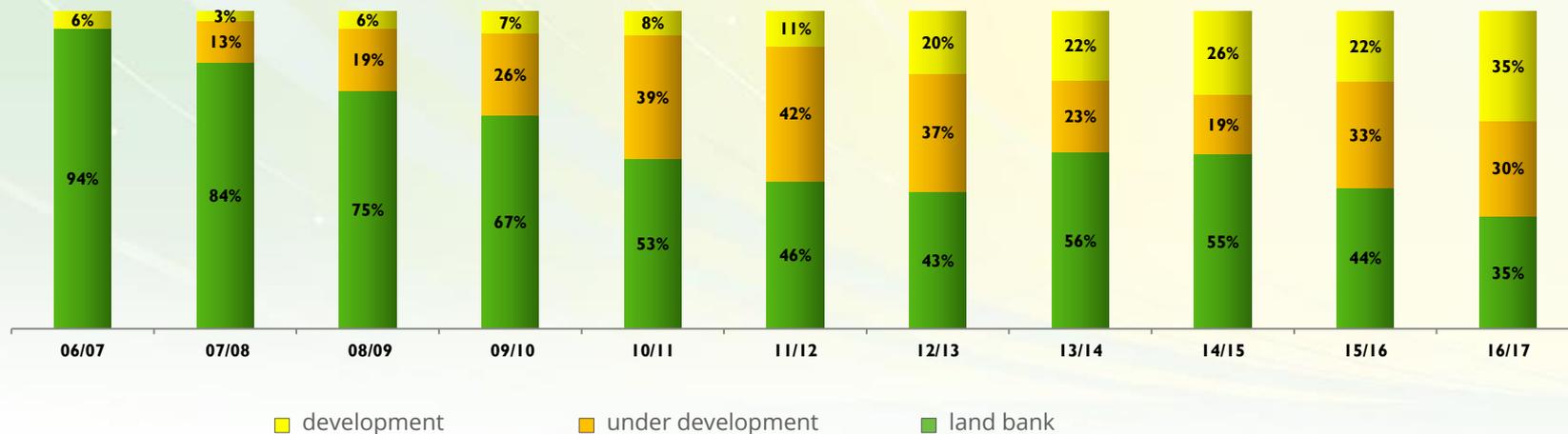
- Undisputed **leadership** in the rural real estate scenario with a proven track record
- Deep knowledge on **Latin America's** farmland scenario
- BrasilAgro's rigorous acquisition process confers a **unique competitive advantage** to quickly deploy the capital
- **Experienced team** to select the best acquisition opportunities

	MM ha
Primary analysis	30
Site visit	6
Detailed due diligence	2.5



Portfolio Evolution

Total Area (ha)	78.459	145.247	161.024	175.382	175.382	172.935	153.226	211.552	183.807	183.807	199.114
Arable Area (ha)	56.954	105.018	115.872	124.439	124.439	122.715	110.593	139.425	120.847	120.847	129.366



Acquisitions	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	Total
(ha)	78,5	66,8	17,8	14,4	-	-	-	71,8	-	-	17,6	266.772
(R\$ mm)	166,8	101,5	11,0	37,7	-	-	-	82,0	-	-	100,0	499,0
Sales												
(ha)	-	-	2,0	-	-	2,4	19,7	13,5	27,7	-	2,3	67.658
(R\$ mm)	-	-	22,0	-	-	26,0	123,3	58,5	270,0	-	40,3	540,0

Property Portfolio

225,877 hectares

in Brazil and Paraguay

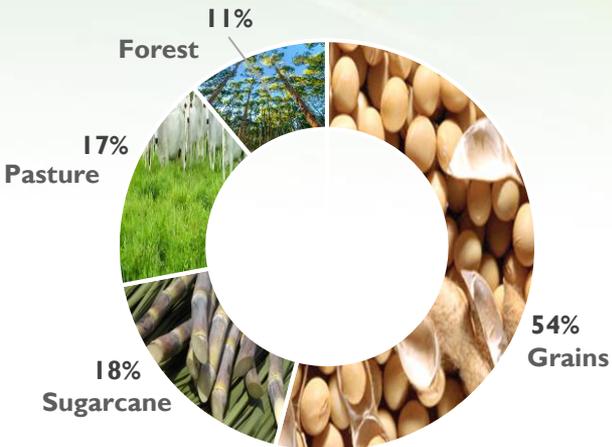
(199,114 ha own and 26,763 ha of partnership).



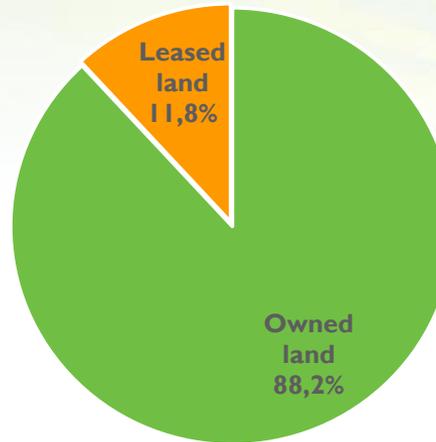
BrasilAgro's Farmland Portfolio

Diversified Portfolio – Reduction of operational and financial risks

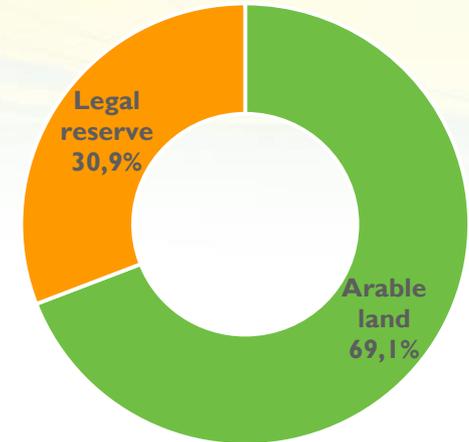
MIX of PRODUCTS
(% arable area)



LAND PROPETIE
(% total area)



ENVIRONMENTAL RESERVE
(% total area)



BrasilAgro's Portfolio Valuation

R\$637.4
million

Invested in acquisition and development of the properties.

R\$540.0
million

In properties sale with IRRs between 16% and 30%.

R\$1.3
billion

Land Valuation as of June/2017.

R\$1,2
billion

Total Value Created.

Land Valuation- 06/30/2017

PROPERTY	LOCATION	ACQUISITION DATE	PROJECT	TOTAL AREA (hectares)	ACQUISITION + CAPEX (R\$ million)	INTERNAL VALUATION (R\$ million)
					06/30/2017	06/30/2017
Jatobá Farm	BA	Mar/07	Grains and Pasture	30.981	59,1	321,8
Alto Taquari Farm	GO	Abr/07	Sugarcane	6.490	53,0	166,4
Araucária Farm	MT	Ago/07	Sugarcane	5.394	35,8	150,9
Chaparral Farm	BA	Nov/07	Grains	37.182	79,8	291,8
Nova Buriti Farm	MG	Dez/07	Forest	24.212	22,0	30,3
Preferência Farm	BA	Set/08	Grains and Pasture	17.799	30,1	54,7
São José Farm	MA	Jan/17	Grains and Sugarcane	17.566	105,1	148,3
Palmeiras (Paraguay)	Paraguay	Dez/13	Grains and Pasture	59.490	72,0	143,1
Total				199.114	456,9	1.307,1

Case Study – Horizontina Farm



Location: Tasso Fragoso / MA

Total Area: 14,359 ha

Arable Area: 8,567 ha

AT ACQUISITION



CURRENT



- 7.5 thousand ha of grains
- 60 Km of internal roads
- 80 - 110 direct and indirect employees

Aquisition Value (April/10)	CAPEX (Up to Sep/12)	Sale Value	Real estate value created
R\$37.7 MM	R\$ 15.2 MM	R\$ 75.0 MM	R\$ 22.1 MM

Appreciation = 42%

IRR = 27%

Case Study – Araucária Farm



Location: Mineiros / GO
Total Area: 9.682 ha
Arable Area: 7.205 ha
Acquisition Value: R\$ 70 million

AT ACQUISITION



- 100% with sugarcane
- 226 Km of internal roads
- 220 – 280 direct jobs

CURRENT



Date of Sale	May/13	June/14	March/17	May/17
Area (hectares)	Total: 394 ha Arable: 310 ha	Total: 1,164 ha Arable: 913 ha	Total: 274 ha Arable: 200 ha	Total: 1,360 ha Arable: 916 ha
Rating Area	Plateau	Plateau	Plateau	Low Area
Acquisition Value	R\$3.8 mm	R\$10.7 mm	R\$3.0 mm	R\$4.0 mm
Sales Value	800 bags/ha Nominal value : R\$10.3 mm	805 bags/ha Nominal value : R\$41.3 mm	1.000 bags/ha Nominal value: R\$13.2 mm	280 bags/ha Nominal value : R\$16.9mm
IRR ⁽¹⁾	20.2%	19.2%	20.4%	16.77%

(1) internal rate of return (real estate + production) from the first disbursement to the expected receipt of the last installment in accordance with soybean futures curves (CBOT) and the exchange rate

Case Study – Cremaq Farm



Baixa Grande do Ribeiro

Location: Baixada Grande do Ribeiro/ PI

Total Area: 32.702 ha

Arable Area: 21.823 ha

Acquisition Value: R\$ 42 million

AT ACQUISITION



CURRENT



- 21.3 thousand ha planted with grains
- Warehouse facility with a storage capacity of 1.2 million bags of soybean/corn
- 120 Km of internal roads
- 120-180 direct and indirect employees

Sold Area (May/13)	Acquisition + CAPEX	Sale Nominal	Real estate
Total: 4,957 ha Arable: 3,245 ha	R\$ 11.1 MM	R\$ 37.4 MM (May/13)	R\$ 26.4 MM
Total: 27,745 ha Arable: 18,578 ha	R\$ 63.5 MM	R\$ 270.0 MM (June /15)	R\$ 206.5 MM

Appreciation = 242%

IRR = 23.8%⁽¹⁾

Appreciation = 325%

IRR = 20.4%⁽¹⁾

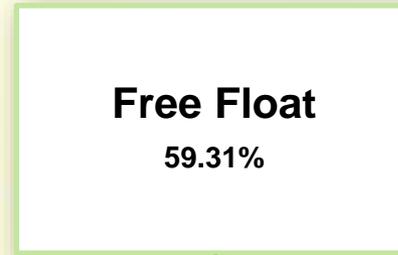
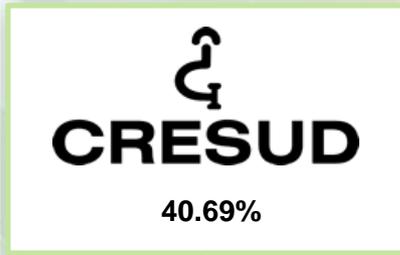
(1) internal rate of return (real estate + production) from the first disbursement to the expected receipt of the last installment in accordance with soybean futures curves (CBOT) and the exchange rate





CORPORATE GOVERNANCE

Shareholders Structure

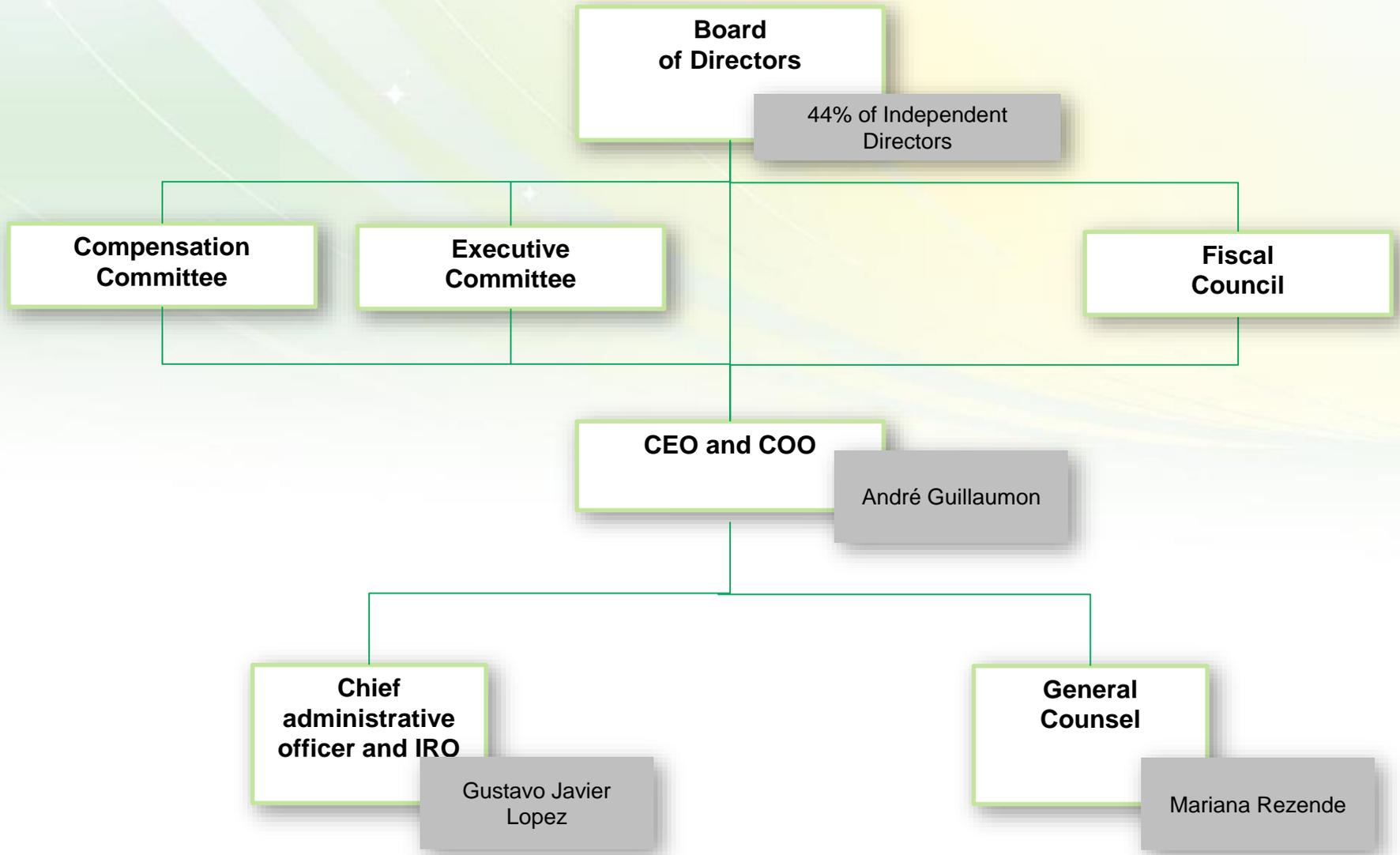


- ✓ Pioneer Company with more than **80 years of history in the Agricultural sector**
- ✓ **800,000 ha of land in LATAM** evaluated in **USD 773 million**
- ✓ Listed in NASDAQ since 1997 (Ticker: CRESY)
- ✓ Net Revenue in FY 2017 of **USD 290 million**
- ✓ Other companies of the group: IRSA, IDB and Banco Hipotecário

IPO: May, 2006
R\$ 584 mm
58,226,600 shares



Corporate Structure



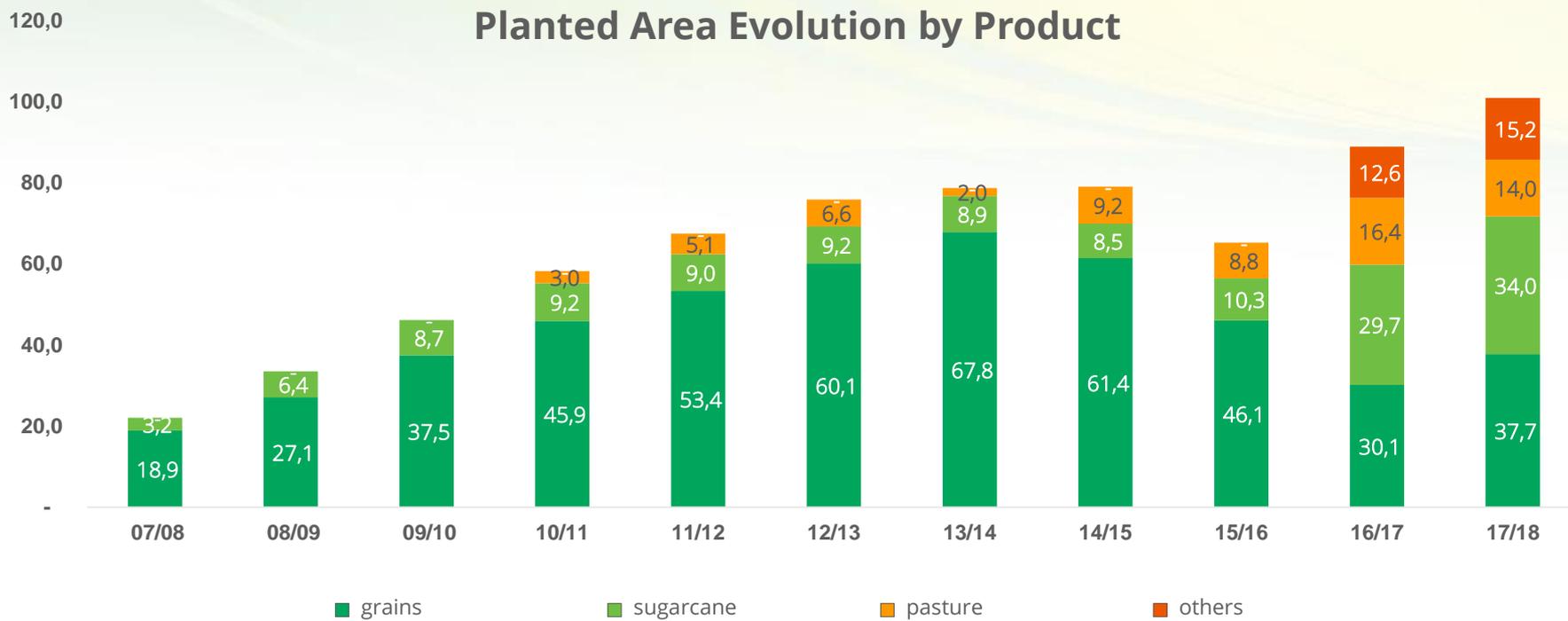


FINANCIAL and OPERATIONAL RESULTS

Operational Results

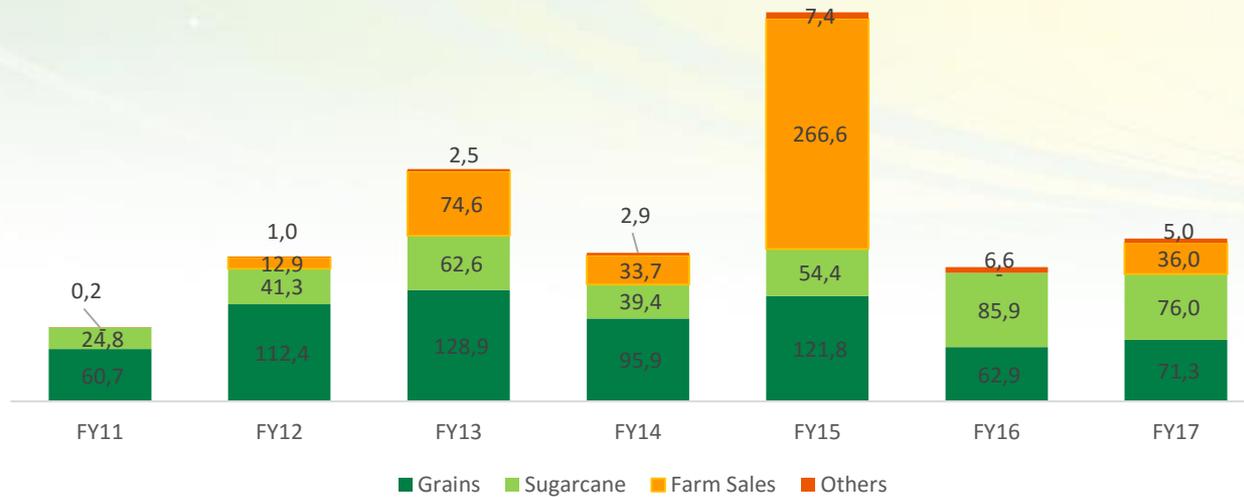
Planted area by product (ha)	Crop 16/17	Crop 17/18	Harvest Participation 17/18 (%)	Change (%)
Grains	30.139	37.720	41,0%	25,2%
Soybean	22.549	33.546	36,4%	48,8%
Corn	7.590	4.174	4,5%	-45,0%
Sugarcane	29.698	25.132	27,3%	-15,4%
Pasture	16.425	14.029	15,2%	-14,6%
Others	12.611	15.160	16,5%	20,2%
Total	88.873	92.041	100,0%	3,6%

Planted Area Evolution by Product



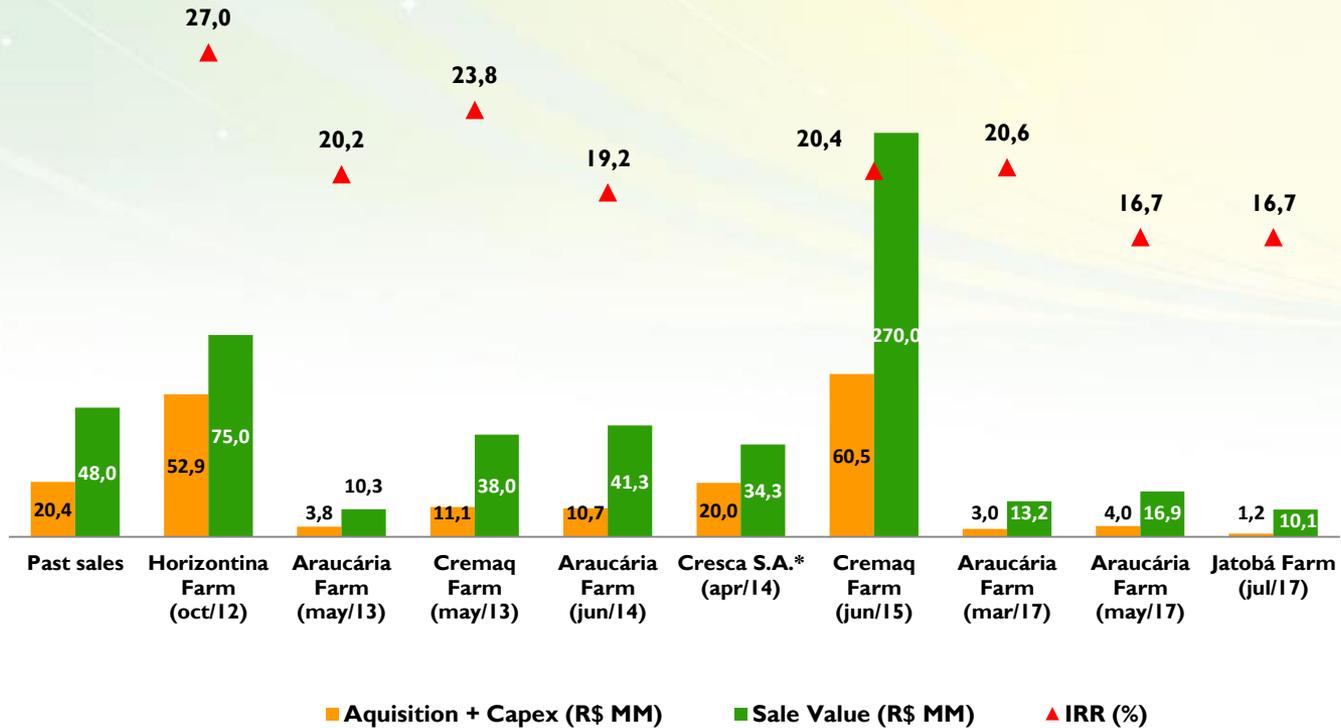
Financial Results

Net Revenue (R\$ mm)



Resultados Financeiros

Farm Sales



Financial Results

EBITDA (R\$ thousand)	2017	2016	2015
Gross Profit (loss)	47.876	441	204.076
Selling expenses	(6.676)	(2.732)	(9.006)
General and administrative expenses	(30.941)	(28.944)	(29.360)
Other operating income/expenses, net	(6.019)	2.812	(3.422)
Depreciation and amortization	15.027	21.957	22.222
EBITDA	19.267	(6.466)	184.510

Adjusted EBITDA (R\$ thousand)	9M17	2016	2015
Gross Profit (loss)	47.876	441	204.076
Elimination of gains on biological assets (grains and sugarcane planted)	7.894	257	3.336
Selling expenses	(6.676)	(2.732)	(9.006)
General and administrative expenses	(30.941)	(28.944)	(29.360)
Other operating income/expenses, net	(6.019)	2.812	(3.422)
Derivatives Results	10.882	(574)	6.080
Adjusted Depreciations	20.421	22.333	22.909
EBITDA Cresca	(899)	2.539	3.783
Adjusted EBITDA	42.538	(3.868)	198.396

Financial Results

	2017	2016	2015
Net Sales Revenue	182.927	147.128	440.744
Change in fair value of biological assets and agricultural products	12.266	(8.718)	9.788
Reversal of impairment of net realizable value of agricultural products after harvest	(1.655)	659	(3.038)
Net Revenue	193.538	139.069	447.494
Cost of agricultural products sale	(136.362)	(134.714)	(170.489)
Cost of farm sale	-	-	(72.929)
Gross Profit (loss)	48.776	4.355	204.076
Selling expenses	(6.676)	(2.732)	(9.006)
General and administrative expenses	(30.941)	(28.944)	(29.360)
Other operating income/expenses, net	(6.019)	2.812	(3.422)
Financial result	33.444	38.374	32.638
Financial income	110.090	192.644	122.552
Financial expenses	(76.646)	(154.270)	(89.914)
Equity pickup	(4.425)	(511)	(4.355)
Profit (loss) before income and social contribution taxes	32.641	13.354	190.571
Income and social contribution taxes	(5.949)	(2.782)	(9.761)
Profit (loss) for the year	27.310	10.572	180.810
Outstanding shares at the end of the period	56.888.916	58.226.600	58.226.600
Basic earnings (loss) per share - R\$	0,48	0,18	3,11



COMPETITIVE ADVANTAGES

Agricultural Products Ranking

Brazil is among the leading countries in several different agricultural activities, figuring among the top producers and exporters for most of the agricultural products

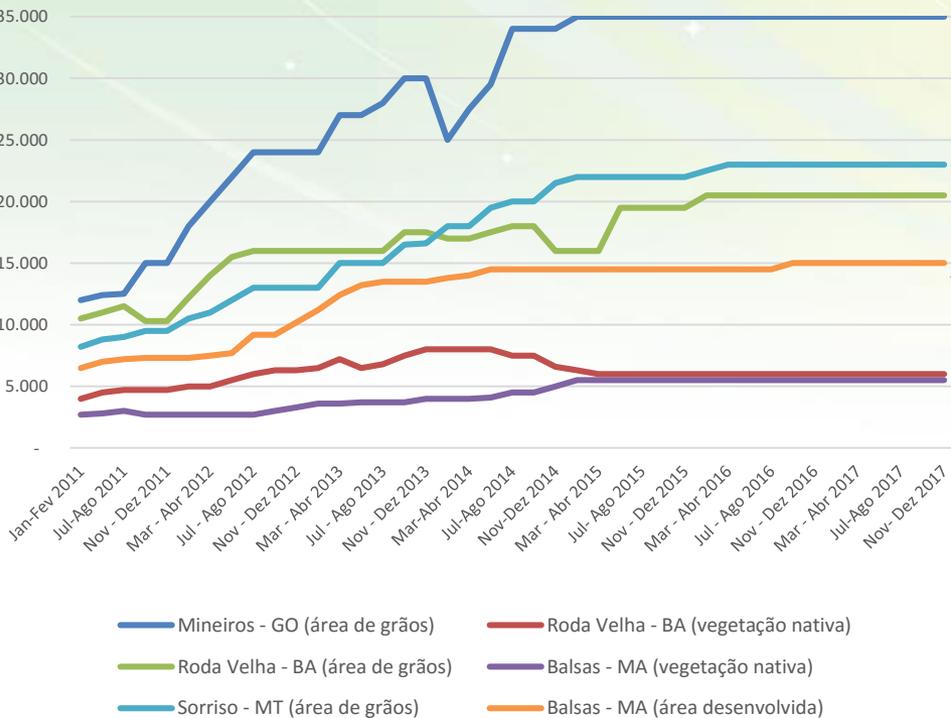
Soy			Corn			Coffee		
Country	Production	Net Exports	Country	Production	Net Exports	Country	Production	Net Exports
Brazil	1st	1st	USA	1st	1st	Brazil	1st	1st
USA	2nd	2nd	China	2nd		Vietnam	2nd	2nd
Argentina	3rd	3rd	Brazil	3rd	3rd	Indonesia	3rd	3rd
China	4th		E.U.	4th		Colombia	4th	4th
India	5th		Argentina	5th	2nd	Ethiopia	5th	
Paraguay	6th	4th	Mexico	6th		Honduras	6th	5th
Canada	7th	5th	India	7th	5th	India	7th	7th

Sugar			Meat*			Orange Juice		
Country	Production	Net Exports	Country	Production	Net Exports	Country	Production	Net Exports
Brazil	1st	1st	China	1st		Brazil	1st	1st
India	2nd	3rd	USA	2nd	2nd	USA	2nd	2nd
E.U.	3rd	5th	Brazil	3rd	1st	E.U.	3rd	4th
China	4th		Germany	4th	3rd	Mexico	4th	3rd
Thailand	5th	2nd	Russia	5th		China	5th	
USA	6th		India	6th		South Africa	6th	5th
Russia	7th		Mexico	7th		Australia	7th	

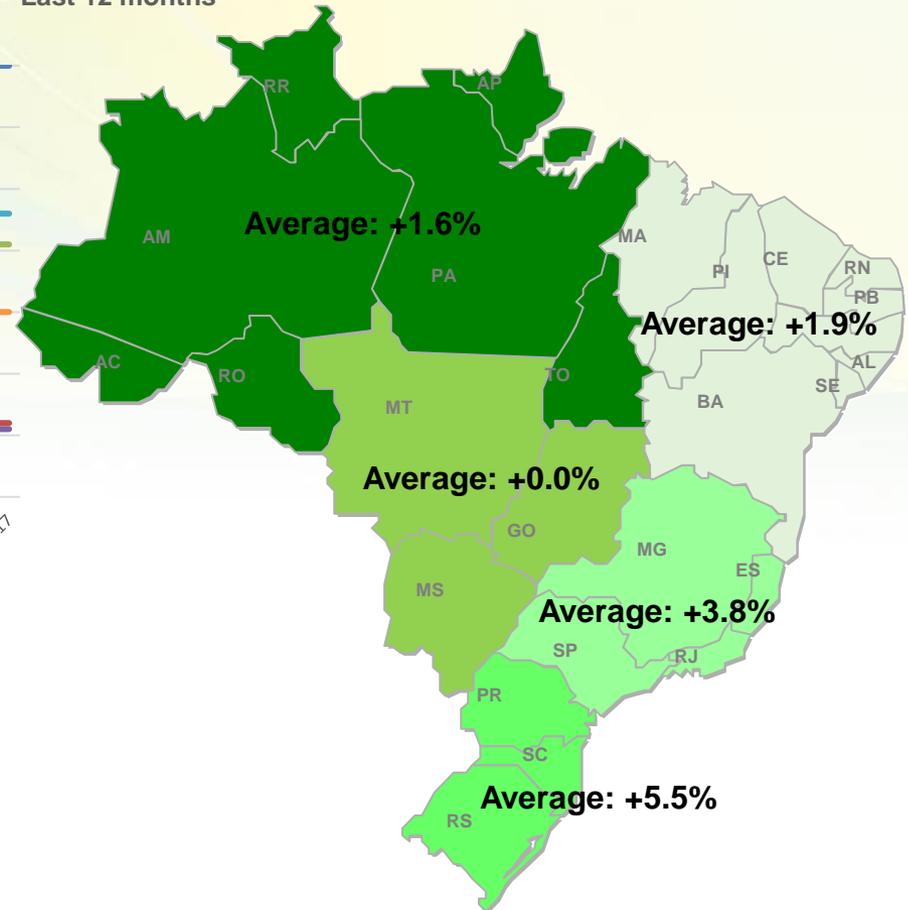
Source: USDA, 2012
*FAO, 2010

Farmland Prices

HISTORICAL FARMLAND PRICES
In R\$ / ha



LAND APPRECIATION PER REGION
Last 12 months

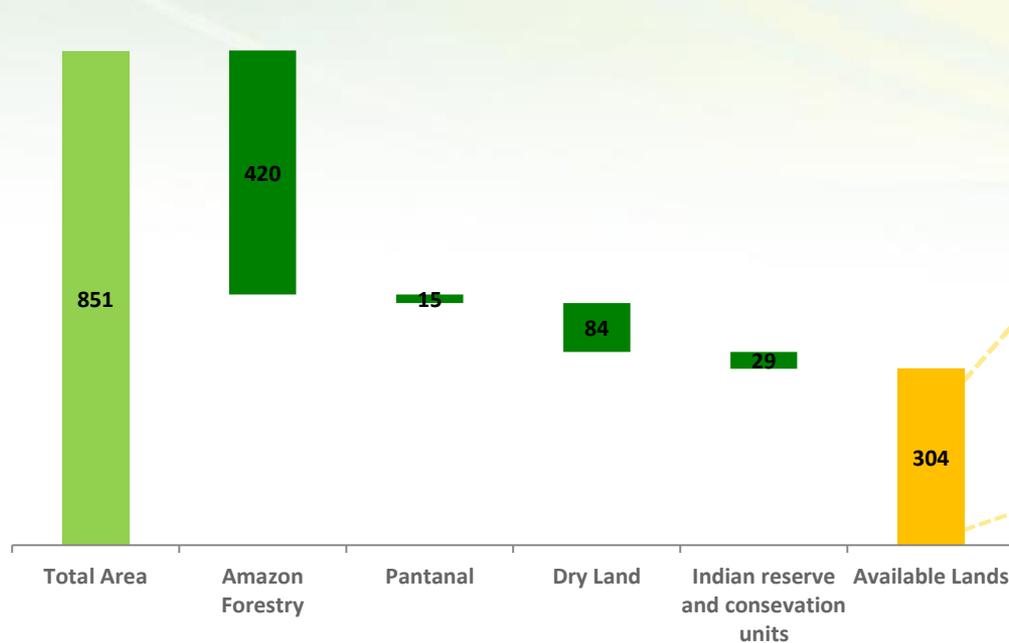


Source: FNP -Nov/Dec 2017

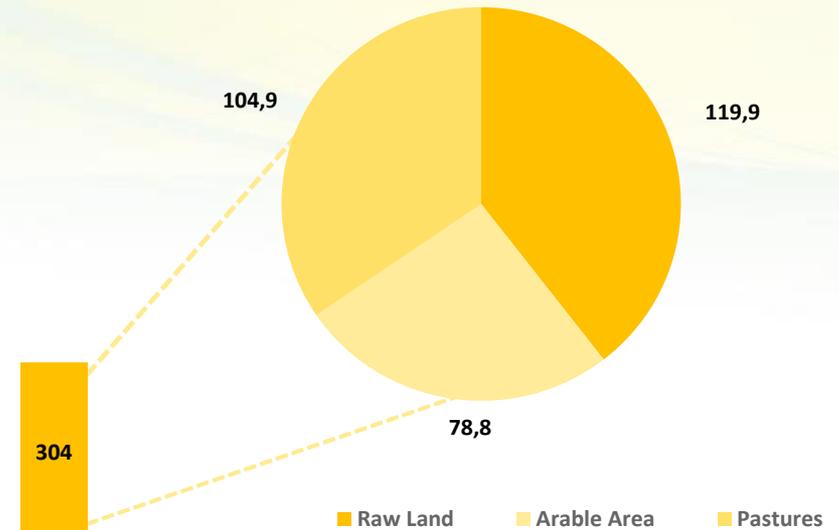
Agricultural Farmland Potential in Brazil

The great amount of available arable land along a great rainfall level gives Brazil an unbeatable combination. Brazil has the potential to more than double its grain area only by converting pastures alone.

BRAZILIAN TOTAL AREA BREAKDOWN (In million ha)



BRAZILIAN TOTAL AREA BREAKDOWN (In million ha)



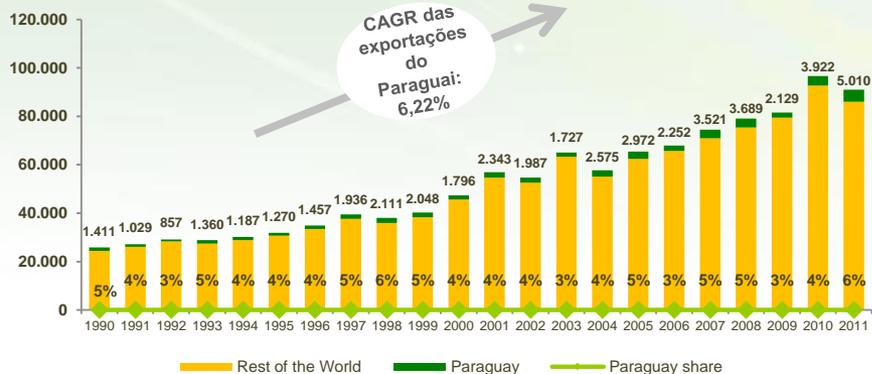
¹ According to our estimates, roughly 70% of total raw land area have to destined to legal reserves and can not be used for agriculture

Source: Embrapa and FNP 2007

Agricultural Farmland Potential in Paraguay

Paraguay is the 4th largest exporter of soybeans and its area is larger than Mapitoba and Goiás, besides having a good environment for business. According to a survey conducted by FGV, Paraguay ranks second in the Economic Climate Index in Latin America.

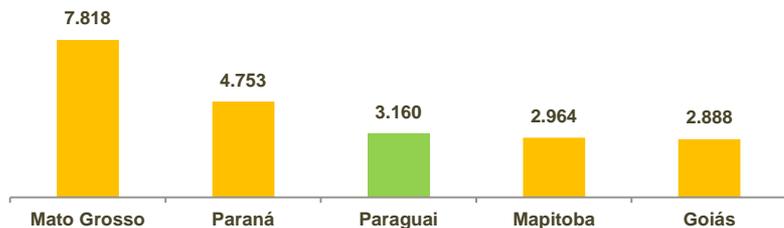
World soybean exports (in million of tons)



2011 (2nd quarter)

Position	Country	ECI*
1	Chile	7.4
2	Paraguay	7.0
3	Uruguay	1.0
4	Colombia	6.5
5	Peru	6.5
6	Argentina	6.4
7	Brazil	5.9
8	Mexico	5.6
9	Ecuador	5.2
10	Bolivia	3.9
11	Venezuela	2.2

12/13 harvest year soybean planted area (in million of hectares)

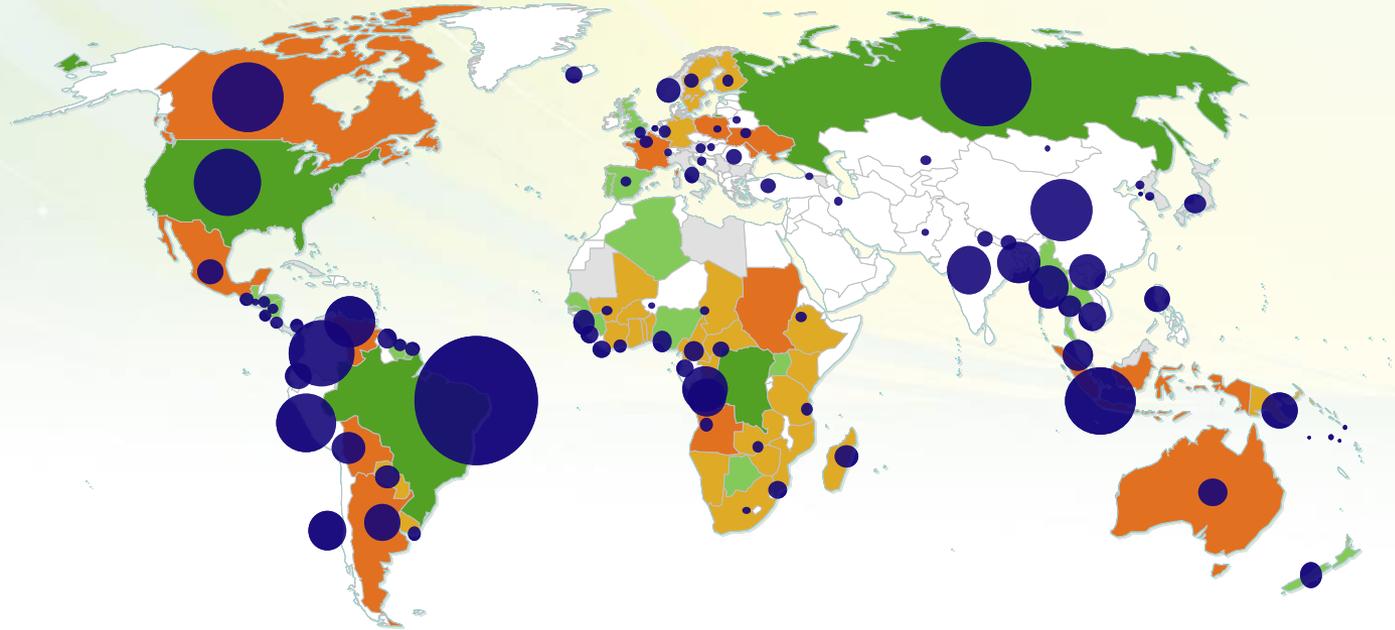


Source: USDA, FAO e CONAB

* The economic climate index
Source: Fundação Getúlio Vargas (FGV) and Instituto de Estudos Econômicos da Universidade de Munique, Alemanha

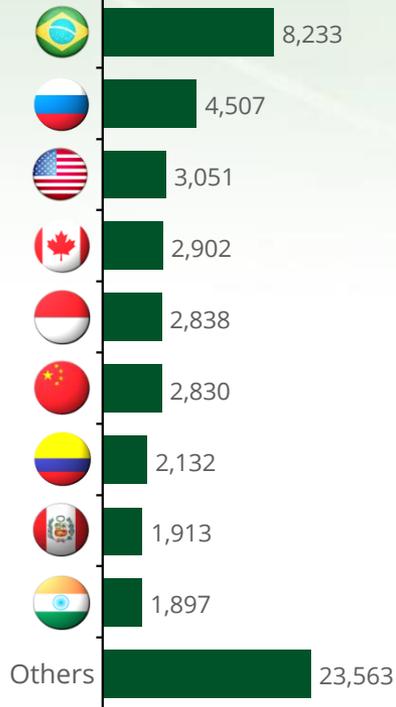
World Supply of Fresh Water

Regions with abundance of fresh water in excess of population needs have a favorable position by exporting water in the form of commodities.



Renewable Water Resources

(bn m³/yr)



Total = 55,149

% World's	North America	South America	Europe	Africa	Asia	Australia & Oceania
Water	15%	26%	8%	11%	36%	5%
Population	8%	6%	13%	13%	60%	1%
Ratio	1,9x	4,3x	0,6x	0,8x	0,6x	5,0x

Source: FAO

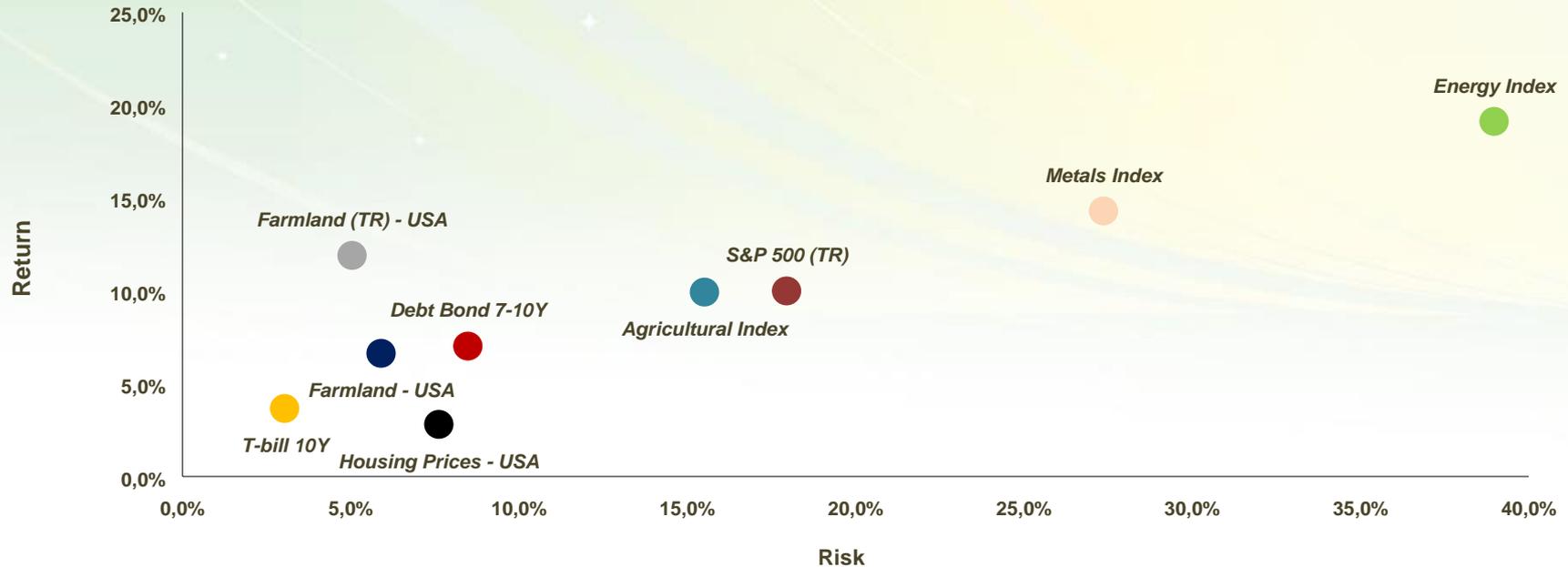


FARMLAND INVESTMENTS

Farmland Investment

Farmland, as an asset class, distinguishes itself among other alternatives as having an outstanding risk/return profile.

RISK & RETURN



Source: Bloomberg, USDA, Damodaran and BrasilAgro analysis

NOTE 1: Data on Agricultural, Metals and Energy Index: 1999-2010.

NOTE 2: Data on T-bill 10Y: 1927-2010.

NOTE 3: Data on Debt Bonds 7-10 y: 1992-2010.

NOTE 4: Data on Housing Prices: 1988-2010.

NOTE 5: Data on Farmland - USA considers only the land prices from 1990 until 2010.

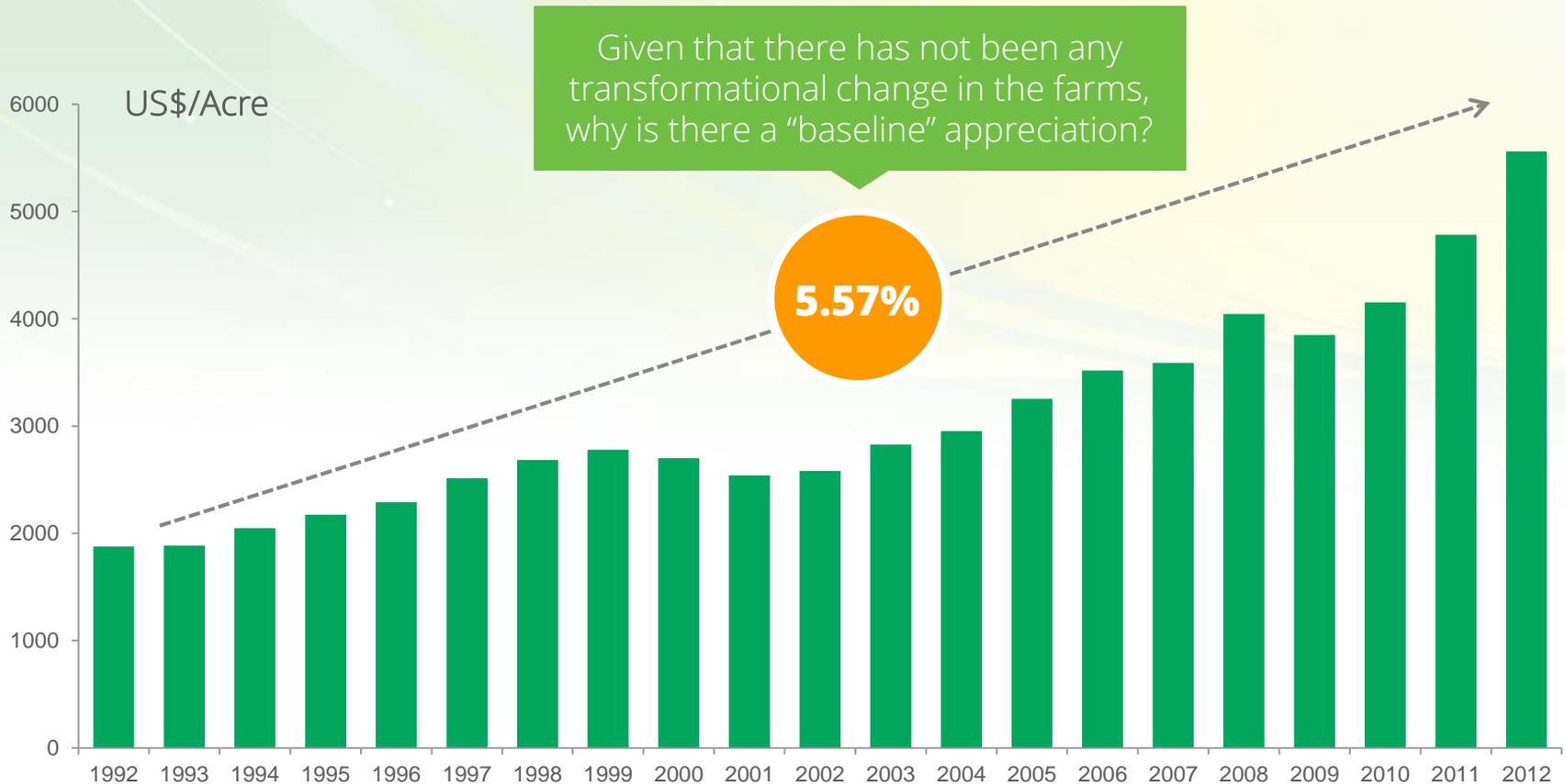
NOTE 6: Data on Farmland (TR - Total Return) - USA considers the land prices and an hypothetical leasing from 1990 until 2010

NOTE 7: Data on S&P 500 (TR - Total Return): 1936-2010.

Source: USDA, U.S. Bureau of Labor Statistics

Farmland Prices

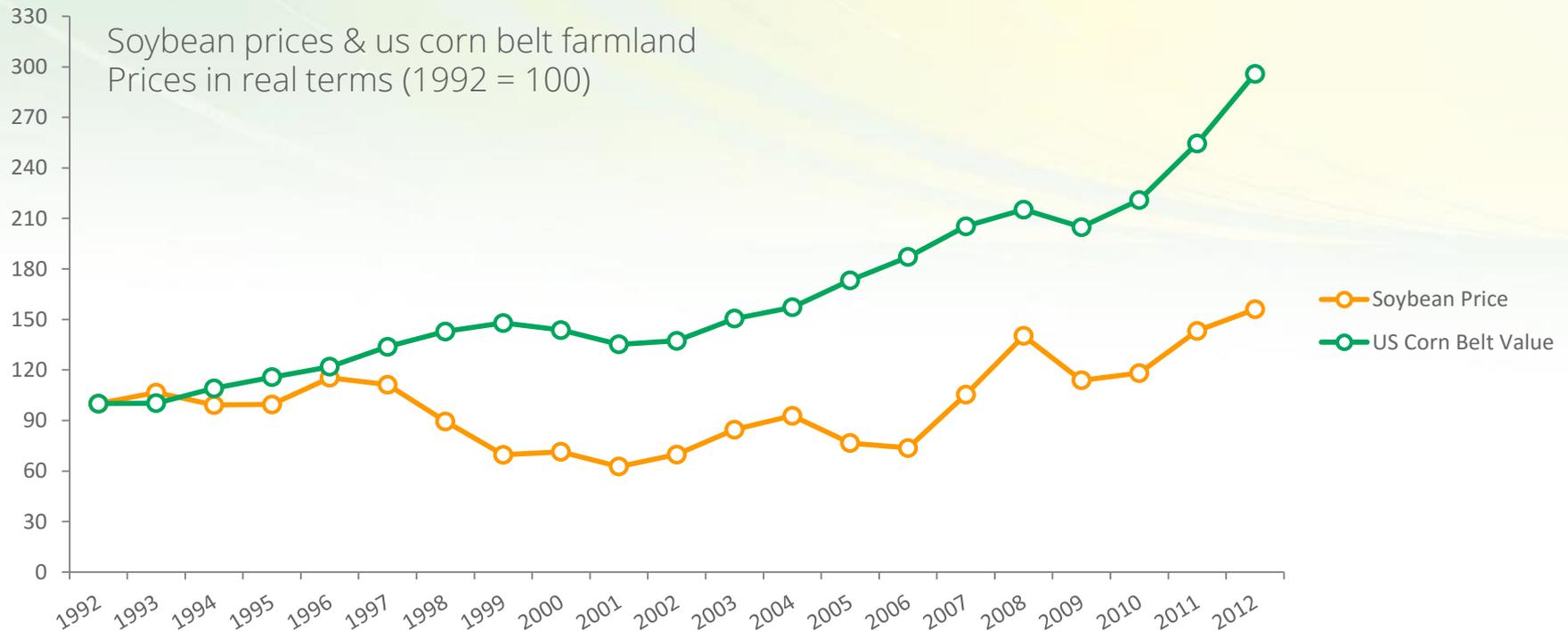
US corn belt farmland prices in real terms



Source: USDA, U.S. Bureau of Labor Statistics

Farmland Prices Value Drivers

Commodity price is not the value driver for farmland price appreciation
Historically, farmland prices have consistently outperformed soybean prices

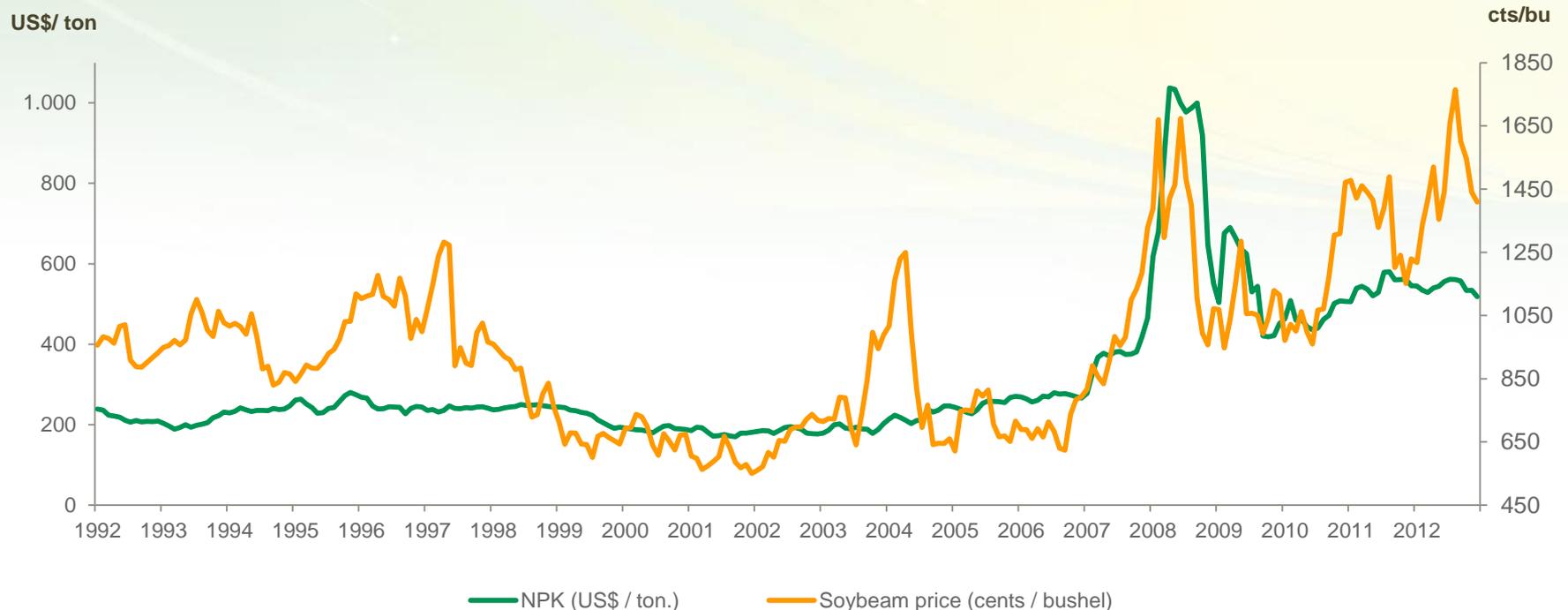


Source: Bloomberg, USDA

Farmland Prices Value Drivers

The high correlation between soybean and fertilizers indicates that higher soybean prices does not reflect on higher cash flow per hectare and vice versa.

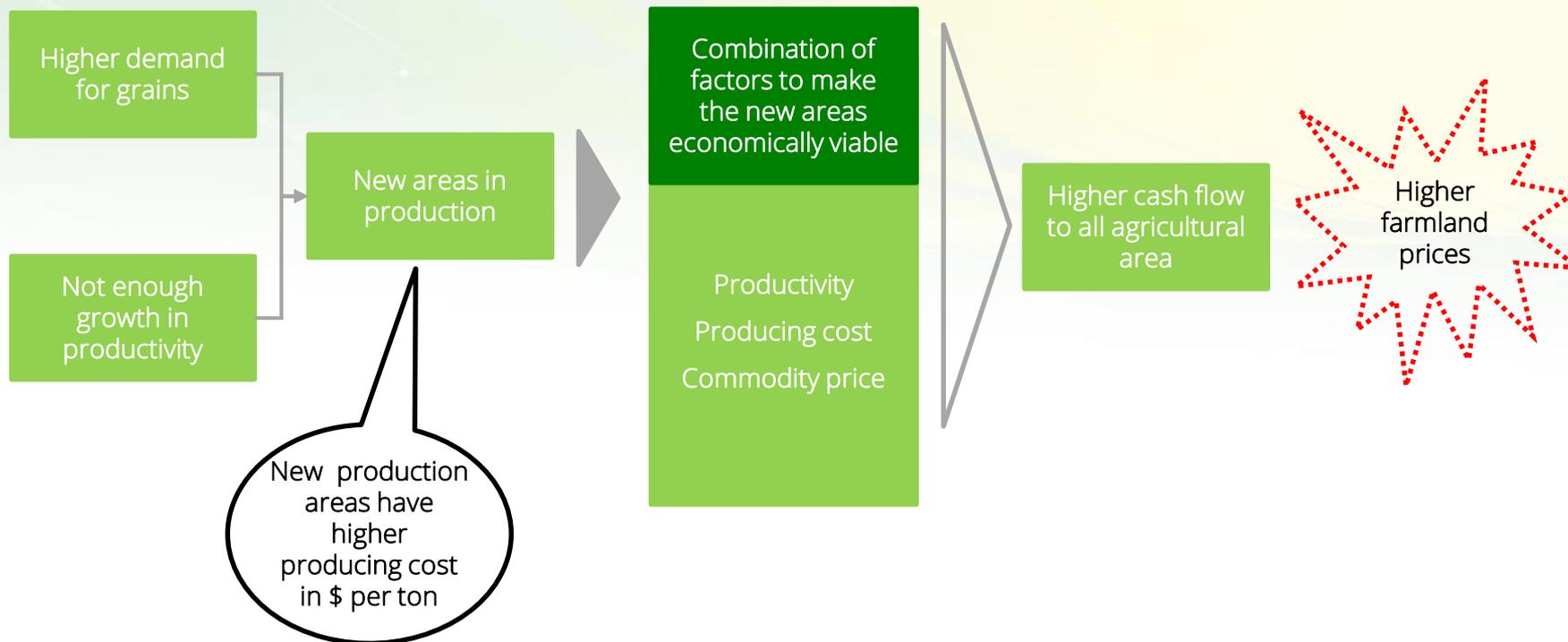
SOYBEAN PRICE & FERTILIZERS PRICE



Source: Bloomberg, USDA

Farmland Investments

The main driver pushing farmland prices upward is the increasing world grain area.



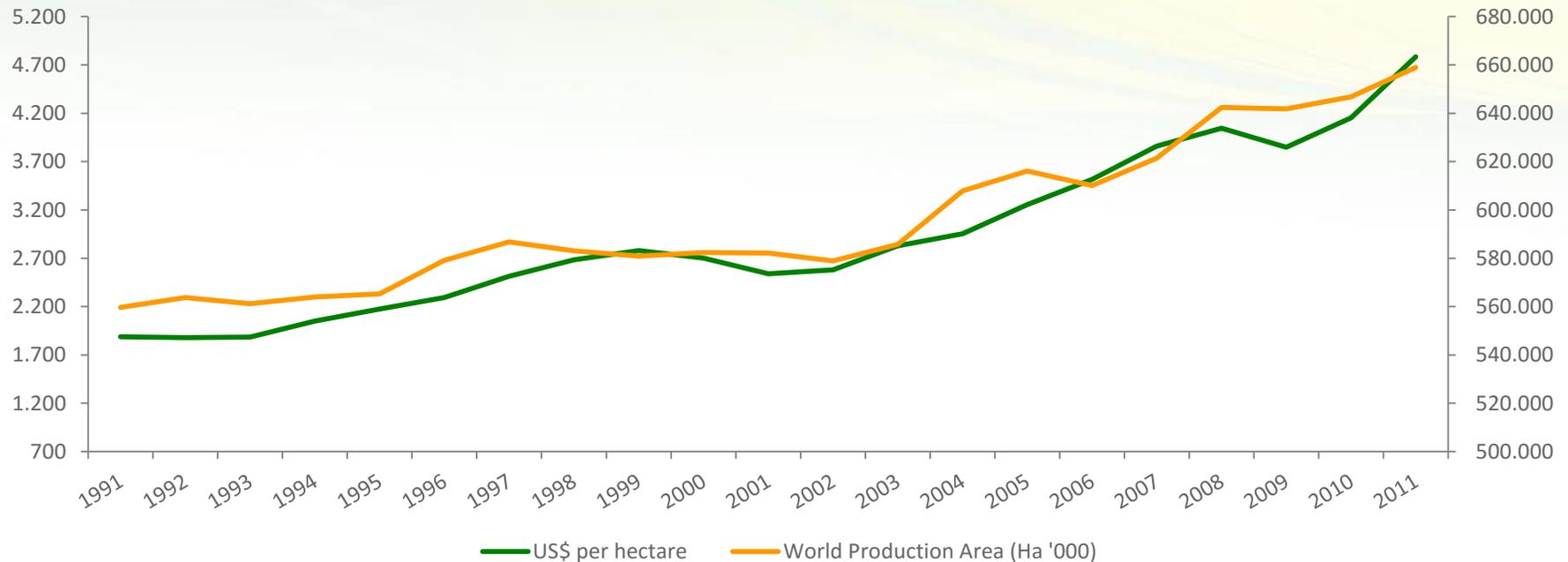
Source: Bloomberg, USDA

Farmland Prices Value Drivers

The main factor pushing farmland prices upward is the world production area increase.

Given that new areas have higher production cost (USD / Ton), the expansion on the world agricultural area requires a combination of factor (price, cost, productivity) capable to generate a positive cash flow to this newly opened areas. This same combination of factors should increase the earnings and, therefore, the farmland prices for agricultural area as a whole.

WORLD PRODUCTION AREA & CORN BELT FARMLAND PRICES (US)

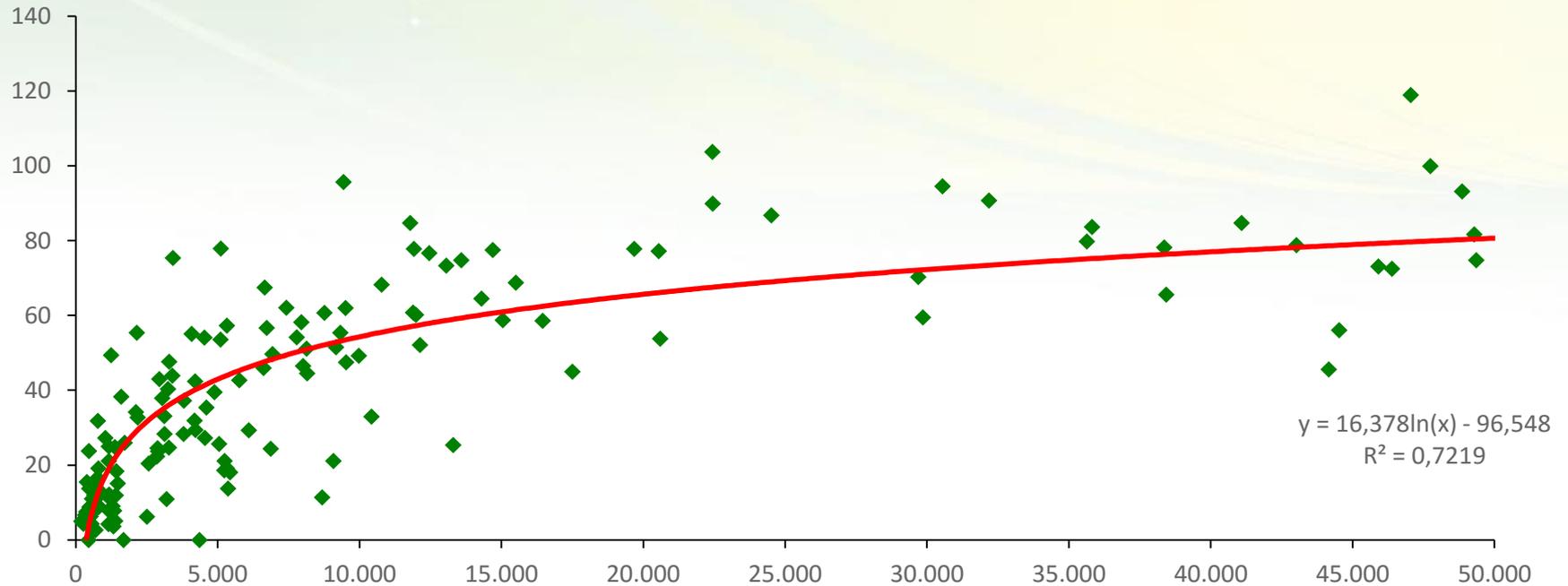


Source: USDA, FAO

Higher Demand for Food

Meat demand¹ is highly correlated with per capita GDP – higher levels of income provides richer protein diets.

MEAT PER CAPITA CONSUMPTION IN 2009
In kg / capita / year and US\$ per capita / year



Source: FAO, USDA and BrasilAgro analysis

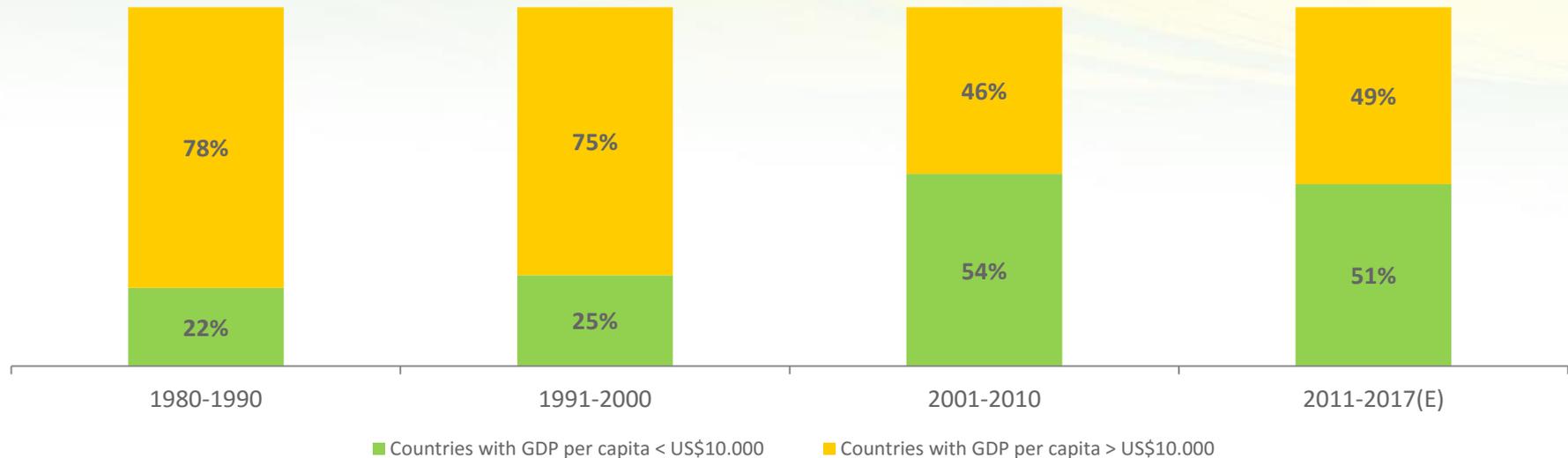
¹ It's worth notice that approximately: 1.3 and 5.4 kilogram of soybean and corn, respectively, are needed to produce 1 kg of beef; 0.7 and 2.5 kilogram of soybean and corn, respectively, are needed to produce 1 kg of pork; 0.6 and 1.1 kilogram of soybean and corn, respectively, are needed to produce 1 kg of poultry.

Higher Food Demand

Food demand will remain rising as developing countries drive the world economic growth

According to IMF projections, countries with GDP per capita of less than US\$10,000 will be responsible for more than 51% of world GDP growth for the next 6 years;

WORLD GDP GROWTH BREAKDOWN (In %)



Source: IMF

Productivity growth vs. Demand growth

Productivity growth has not been enough to offset the increasing demand. This shortage is expected to increase within the next ten years.



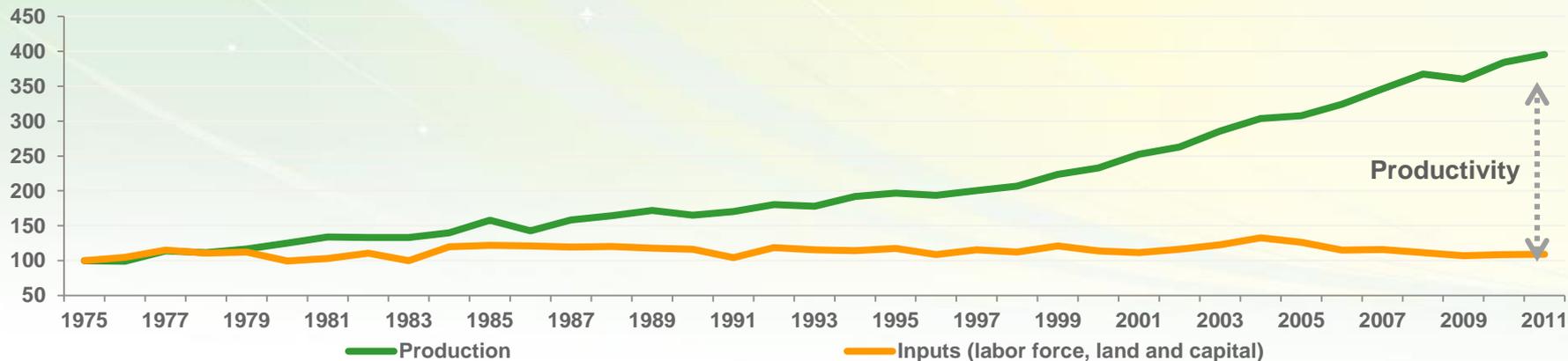
Source: FAO, USDA and BrasilAgro analysis
 NOTE 1: 2022 scenario is based on USDA projections

■ Growth Area
■ Productivity Gains

Productivity growth vs. Social development

The increase in productivity made a huge social impact in the country. The higher the rural development level the lower the literacy and poverty rate.

PRODUCTION vs. INPUTS
(Index = 100)



RURAL DEVELOPMENT INDEX

Rural development level (IDR)	Number of cities	Rural resident population		Literacy rate ¹	Extreme rural poverty ²
		Million	%	Average (%)	Average (%)
Low	1.372	12,4	41,5%	74,2%	35,3%
Regular	1.373	8,5	28,4%	82,4%	17,5%
Average	1.371	5,0	16,7%	90,8%	4,9%
High	1.373	4,0	13,4%	93,1%	1,8%
Total	5.489	29,9	100,0%	85,1%	15,5%

SOURCE: CNA, Gasques, J.G, E.T.; Valdez, C.; Bacchi, M.R. "Produtividade da Agricultura brasileira e os efeitos de algumas políticas

1 Persons over ten years

2 Proportion of people in poverty conditions



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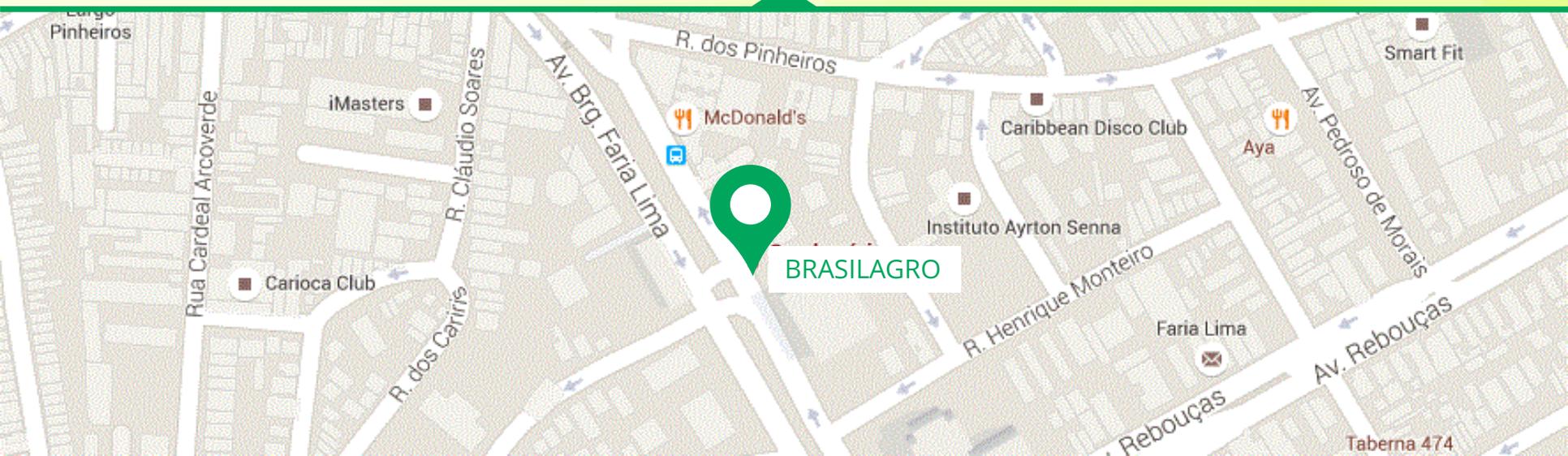
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